

CONNECTICUT CONSTRUCTION INDUSTRIES ASSOCIATION, INC.



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Senate Bill 131, An Act Concerning Retainage General Law Committee February 16, 2010

CCIA/AGC of Connecticut Position: Support

The Connecticut Construction Industries Association, Inc. is the most diverse commercial construction industry trade association in Connecticut. Formed over 40 years ago, CCIA is an organization of associations, where all sectors of the commercial construction industry work together to advance and promote their shared interests. CCIA members have a long history of providing quality work for the public benefit.

CCIA is comprised of nine divisions, including the Associated General Contractors of Connecticut, Inc.; The Connecticut Road Builders Association, Inc.; Utility Contractors Association of Connecticut, Inc.; The Connecticut Ready Mixed Concrete Association, Inc.; and Connecticut Asphalt and Aggregate Producers Association. CCIA has more than 350 members statewide, including contractors, subcontractors, suppliers, and professional organizations that service the construction industry.

Associated General Contractors of Connecticut, a division of CCIA, represents commercial, industrial, and institutional construction contractors, subcontractors, material suppliers and professionals serving the construction industry. AGC of Connecticut is the Connecticut chapter of the Associated General Contractors of America, a national contractors trade association.

Senate Bill 131, An Act Concerning Retainage, would reduce the limit of retainage amounts in private commercial construction contracts from 7.5% to 5%. Connecticut law caps the maximum amount of a portion of a contractor's earned funds that may be withheld from each progress payment until the project is complete on covered private construction contracts at seven and one-half percent.

Senate Bill 131 provides a modest reduction in the amount of funds that may be retained on private commercial construction projects in the state. It would provide a balance of fairness and accountability on these projects, particularly for many subcontractors who go long periods of time without being paid the amount of retainage withheld after fulfilling their contractual obligations.

This reduction in the amount of retainage would provide additional relief. Delay in an owner's final acceptance of projects exacerbates the financial pressure of retainage for general contractors and subcontractors. When the release of retainage to general contractors is delayed, subcontractors often have to wait until after the owner releases the general contractor's retainage. This bill would limit that exposure.



The early release of retainage, bonds in lieu of retainage, and other methods have worked successfully to ensure proper performance on private commercial construction projects in the state. In many cases, assurance of subcontractors' proper performance on projects does not hinge on a withholding of 7.5% retainage until the whole project is complete.

Please contact John Butts, Executive Director of AGC of Connecticut, or Matthew Hallisey, Director of Government Relations and Legislative Counsel for CCIA, at 860-529-6855, if you have any questions or if you need additional information.